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WANGER JONES HELSLEY, PC
 Riley C. Walter #91839
 265 East River Park Circle, Ste. 310
 Fresno, CA 93720
 Telephone: (559) 233-4800
 Facsimile: (559) 233-9330
 E-mail: rwalter@wjhattorneys.com

Chapter 9 Counsel for Debtor Tulare Local Healthcare District

IN THE UNITED STATES BANKRUPTCY COURT

EASTERN DISTRICT OF CALIFORNIA

FRESNO DIVISION

In re

CASE NO. 17-13797

TULARE LOCAL HEALTHCARE
 DISTRICT, dba TULARE REGIONAL
 MEDICAL CENTER,

Chapter 9

DC No.: WJH-5

Debtor.

Tax ID #: 94-6002897
 Address: 869 N. Cherry Street
 Tulare, CA 93274

**DECLARATION OF DANIEL R. HECKATHORNE IN SUPPORT OF
 DEBTOR'S OBJECTION TO PROOF OF CLAIM NUMBER 243 IN THE AMOUNT OF
 \$620,053.00 FILED BY THE DEPARTMENT OF HEALTH CARE SERVICES
 ON APRIL 30, 2018**

DECLARATION OF DANIEL R. HECKATHORNE

1. My name is Daniel R. Heckathorne. I am the interim Chief Financial Officer of the Tulare Local Healthcare District (the "District"). The Board of Directors of the District appointed me to the position of Interim Chief Financial Officer at the meeting of the Board of Directors conducted on November 7, 2017, which was documented in Resolution No. 855 signed by the Secretary of the Board on November 10, 2017. I am authorized to make this declaration on behalf of the District. If called upon as a witness, I could and would competently testify to the facts set forth herein.

2. As the Interim Chief Financial Officer of the District, my duties include overseeing accounting functions, budgets, financial risk management, financial statements, as well as reporting on financial performance. I also oversee areas related to patient accounting and revenue cycle management, cash management processes including billing, collections, accounts receivable, accounts payable, and financial reporting and month-end close processes, which includes payment and reconciliation of Medicare and Medicaid (Medi-Cal) reimbursements. As part of those duties, I am familiar with the District's business records related to my job duties. This declaration is based on matters of my own personal knowledge or knowledge I have gained from a review of the District's business records, which I believe have been maintained in the ordinary course of the District's business and which were made at or near the time of the acts or events recorded therein by, or from information transmitted by, a person with knowledge of the acts or events who had personal knowledge of the event and had or has a business duty to record such event accurately.

3. I have read and reviewed the Proof of Claim filed by the Department of Health Care Services ("DHCS") in the total amount of \$620,053.00 ("Claim"), a true and correct copy of which is attached as Exhibit "A" to my declaration. Based on my review of the Claim, I believe that Claim is for an asserted overpayment of Disproportionate Share Hospital ("DSH") program funds. Based on my experience, it is my understanding that the DSH program is a program available to eligible hospitals

1 that provide services to a large amount of uninsured individuals and Medi-Cal
2 beneficiaries, and is administered by DHCS. It is also my understanding that the
3 Tulare Regional Medical Center was eligible for DSH funds. On May 31, 2018, I
4 received an email communication from Shiela Mendiola who worked for the DHCS in
5 the Medi-Cal Supplemental Payment Section. In her May 31, 2018 email, Ms.
6 Mendiola stated that money due to the District for the SFY 2014-15 NDPH-IGT ACA
7 payment would be reduced and used to offset the entire amount of \$620,053.00
8 overpayment. Attached hereto as Exhibit "B" is a true and correct copy of the
9 correspondence that shows that the District has repaid DHCS the amount of
10 \$620,053.00 through a forced offset by the DHS and, therefore, I believe that the
11 District has repaid DHCS the entire amount of the Claim and has no liability for this
12 Claim.

13 I declare under penalty of perjury that the foregoing is true and correct.

14 Executed on June 26, 2019.



Daniel R. Heckathorne